

Message Text

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PAGE 01 STATE 272756

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ORIGIN L-02

INFO OCT-01 EUR-12 ISO-00 EB-07 TRSE-00 COME-00 RSC-01

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DRAFTED BY L:L/T:WMCQUADE:RVW

APPROVED BY L:L/T:CIBEVANS

L/EB - MR. TRIMBLE

EB/IFD/OMA - MR. MINNIES

EUR/WE - MR. MOEN

TREASURY - MR. HENG

----- 049003

R 122000Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY ROME

INFO AMCONSUL MILAN

AMCONSUL NAPLES

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: US-ITALY DOUBLE TAX AVOIDANCE CONVENTION

REF: A) ROME 17056 B) ROME 17202

1. PER REQUEST REF A DRAFTS OF 1) LETTER FROM U.S. AMBASSADOR IN REPLY TO ITALIAN LETTER AND 2) SEPARATE NOTE WITHDRAWING NOTICE OF INTENT TO TERMINATE FOLLOW:

LETTER FROM AMBASSADOR, QUOTE. "DEAR MR. AMBASSADOR: I HAVE THE HONOR TO REFER TO YOUR NOTE OF TODAY'S DATE, WHICH READS IN TRANSLATION AS FOLLOWS:

"I HAVE THE HONOR TO REFER TO THE CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE ITALIAN REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, SIGNED AT WASHINGTON ON MARCH 30, 1955.

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PAGE 02 STATE 272756

"AS YOU ARE AWARE, THE ITALIAN GOVERNMENT MADE FUNDAMENTAL CHANGES IN ITS TAX STRUCTURE WITH EFFECT FROM JANUARY 1, 1974.

"IN ORDER TO CONTINUE THE MUTUALLY ADVANTAGEOUS RELATIONSHIPS WHICH HAVE DEVELOPED BETWEEN OUR TWO COUNTRIES UNDER THE CONVENTION, AND IN ANTICIPATION OF A RENEGOTIATION OF

THE CONVENTION, THE ITALIAN GOVERNMENT PROPOSES TO APPLY PROVISIONALLY THE CONVENTION TO THE TWO NEW ITALIAN TAXES ON INCOME, EFFECTIVE AS OF JANUARY 1, 1974 IN ORDER TO ASSURE THE CONTINUED APPLICATION OF THE AFOREMENTIONED CONVENTION.

"ACCORDINGLY THE ITALIAN GOVERNMENT WILL, FROM AND AS OF JANUARY 1, 1974, APPLY THE PROVISIONS OF THE CONVENTION TO (1) THE INCOME TAX ON PHYSICAL PERSONS (L'IMPOSTA SUL REDDITO DELLE PERSONE FISICHE) AND (2) THE INCOME TAX ON JURIDICAL PERSONS (L'IMPOSTA SUL REDDITO DELLE PERSONE GIURIDICHE).

"I HAVE THE HONOR TO PROPOSE THAT THE PRESENT NOTE AND YOUR REPLY THERETO WILL CONSTITUTE AN AGREEMENT BETWEEN THE TWO GOVERNMENTS FOR THE PURPOSE OF THE APPLICATION OF THE AFOREMENTIONED CONVENTION.'

"I HAVE THE HONOR TO CONFIRM TO YOU THAT MY GOVERNMENT IS IN AGREEMENT WITH THE STATEMENTS IN YOUR EXCELLENCY'S NOTE.

"PLEASE ACCEPT, DEAR MR. AMBASSADOR, THE ASSURANCES OF MY HIGHEST CONSIDERATION." END QUOTE.

REGARDING THE TRANSLATION QUOTED IN THIS LETTER, EMBASSY SHOULD CAREFULLY COMPARE WITH ITALIAN TEXT TO ASSURE ACCURACY OF THE TRANSLATION AND REPORT TO DEPARTMENT ANY CORRECTIONS WHICH NEED BE MADE.

SEPARATE NOTE RE WITHDRAWAL OF TERMINATION NOTICE, QUOTE.

"EXCELLENCY:

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PAGE 03 STATE 272756

I HAVE THE HONOR TO REFER TO THE CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE ITALIAN REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, SIGNED AT WASHINGTON ON MARCH 30, 1955, AND TO THE NOTES EXCHANGED BETWEEN OUR TWO GOVERNMENTS THIS DATE WHICH INSURE THAT RECIPROCITY UNDER THE CONVENTION WILL CONTINUE UNINTERRUPTED DESPITE THE REVISION OF ITALIAN TAXES EFFECTIVE

O JANUARY 1, 1974. IN LIGHT OF THE UNDERSTANDINGS CONTAINED IN TOSE NOTES, THE GOVERNMENT OF THE UNITED STATES HEREBY WITHDRAWS ITS NOTICE TO TERMINATE THE CONVENTION AS OF JANUARY 1, 1975, WHICH NOTICE WAS CONTAINED IN OTE VERBALE NO. 318 DATED JUNE 29, 1974.

"ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST CONSIDERATION." END QUOTE.

2. EMBASSY IS REQUESTED ARRANGE EXCHANGE ASAP AND TO ADVISE DEPT AT LEAST 48 HRS IN ADVANCE OF SCHEDULED TIME FOR EXCHANGE SO THAT SIMULTANEOUS ISSUE OF PRESS RELEASE CA BE ARRANGED HERE. TREASURY DESIRES MONDAY, DECEMBER 16 AS TARGET DATE.

3. UPON EXCHANGE OF LETTERS AND TRANSMITTAL OF NOTE, EMB SHOULD TRANSMIT CERTIFIED COPIES OF EMB NOTE AND LETTER AND SIGNED ORIGINAL OF FOMIN LETTER TO DEPT, ATTENTION L/T PURSUANT TO 11 FAM 735. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, DOUBLE TAXATION, DIPLOMATIC NOTES, TAX REFORMS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE272756
Document Source: CORE
Document Unique ID: 00
Drafter: L/T:WMCQUADE:RVW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740362-0423
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741239/aaaabhke.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 ROME 17056, 74 ROME 17202
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2002 by ifshinsr>; APPROVED <27 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-ITALY DOUBLE TAX AVOIDANCE CONVENTION
TAGS: EFIN, IT, US
To: ROME
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005